

§(iv) EXCEPTION FOR GOVERNMENTAL PLANS.—~~C~~lauses (ii) and (iii) shall not a case of a governmental plan or church ~~or~~^{or} poses of this clause, the term ~~church~~^I a plan maintained by a church for church and the term ~~church~~ means any church in section 3121(w)(3)(A) or qualified churc organization (as defined in section 3121(w)(1)).

26 USC 401 note. (b) EFFECTIVE DATE.—The amendment made by ~~su~~ shall apply to years beginning after December 31, 1996.

CHAPTER 2—~~I~~INCREASED ACCESS TO RETIR PLANS

Subchapter A—Simple Savings Plans

SEC. 1421. ESTABLISHMENT OF SAVINGS INCENTIVE MA FOR EMPLOYEES OF SMALL EMPLOYERS.

(a) IN GENERAL.—Section 408 (relating to individual accounts) is amended by redesignating subsection (n) as (a) and by inserting after subsection (o) the following section:

"(p) SIMPLE RETIREMENT ACCOUNTS.—
"(1) IN GENERAL.—For purposes of this title, ~~th~~
the retirement account means an individual ~~retir~~ (as defined in section 7701(a)(37)).

"(A) with respect to which the requirements of paragraphs (3), (4), and (5) are met; and
"(B) with respect to which the only contributions allowed are contributions under a qualified salary arrangement.

"(2) QUALIFIED SALARY REDUCTION ARRANGEMENT

"(A) IN GENERAL.—For purposes of this subterm, ~~qualified salary reduction arrangement~~ means arrangement of an eligible employer under "(i) an employee eligible to participate in arrangement may elect to have the employee payments.

"(I) as elective employer contributions to simple retirement account on behalf of employee, or

"(II) to the employee directly in case "(ii) the amount which an employee

under clause (i) for any year is required to be as a percentage of compensation and may not exceed a total of \$6,000 for any year.

"(iii) the employer is required to make contribution to the simple retirement account in an amount equal to so much of 1 the employee elects under clause (i)(I) a exceed the applicable percentage of 1 the year, and complete

"(iv) no contributions may be made contributions described in clause (i) or (iii).
(B) EMPLOYER MAY ELECT 2- PERCENT N< CONTRIBUTION